

Now that is a population of 42,000,000. If you had three times that many people, as you have in the United States, it would come to about \$900,000,000. Now, in view of that experience, in view of that record, on the Z-percent turn-over, your figure is a little inconsistent, your statement that we can obtain in this country, on a Z-percent turn-over tax, 4 to 5 billion dollars, isn't it?

Mr. DOANE. I have assumed that the tax would be placed on all of these goods, the physical goods, and I have given the mathematical and statistical presentation only. There may be probably some eliminations or some exemptions. I haven't taken that factor into consideration.

The CHAIRMAN. You haven't taken the factor of the experience of France with the 2-percent turn-over tax and the population of 42,000,000, into consideration?

Mr. DOANE. What are the eliminations in France? I am not familiar with them. Is that tax levied on all physical goods?

The CHAIRMAN. It is a Z-percent turn-over tax. I do not know whether there are any eliminations or not. Mr. Parker, can you tell me that?

STATEMENT OF L. H. PARKER, CHIEF OF STAFF, JOINT COMMITTEE ON INTERNAL REVENUE TAXATION

Mr. PARKER. There are very few eliminations. There are several things that bear a higher rate, like luxuries. It is true that when an article is sold on a commission, only the commission is taxed. The tendency of the French turn-over tax has been, of course, to cause rather more business by way of commission, because you pay then the Z-percent turn-over tax on commission, not on the cost of goods plus the mark-up. In other words, if a wholesaler does business as a commission merchant he saves a lot of money in tax. But the French tax strikes nearly everything. There are some exemptions.

The CHAIRMAN. Is it quite similar to the tax in Germany?

Mr. PARKER. The report on double taxation contains a brief description of the French system.

(Mr. Parker subsequently submitted the following:)

REPRINTED FROM DOUBLE TAXATION REPORT MADE BY A SUBCOMMITTEE OF THE COMMITTEE ON WAYS AND MEANS, PAGE 226

The present tax, enacted into law in 1920, consists of a 2-percent levy on gross receipts from sales within and imports into France, a 2-percent levy on gross commissions and other proceeds from the sale of commercial services, a luxury tax at varying rates on sundry articles, a production tax of 2½ percent on sales and imports of coal, a production tax of 3½ percent on sales and imports of fertilizers, a slaughterhouse tax at varying rates, and special importation taxes on tea, coffee, automobiles, sulphur, and sugar. The French turn-over tax permits of pyramiding.

The CHAIRMAN. Is the Z-percent turn-over tax in France quite similar to the German Z-percent turn-over tax?

Mr. PARKER. Yes; I think the French tax is a little more all-inclusive than the German tax.

The CHAIRMAN. Now I will ask you, Dr. Doane, with reference to Germany, which has a population of approximately 64,000,000. They have this 2-percent turn-over tax, and their experience is that they obtain in revenue \$245,000,000 a year. The population of this